

**MARSHALL COUNTY EMERGENCY**  
**COMMUNICATIONS DISTRICT**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2016**

**D. GREGORY JOHNSON**  
CERTIFIED PUBLIC ACCOUNTANT

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016**

---

**CONTENTS**

	Page
Independent Auditor's Report.....	1
Roster of Management and Board of Directors.....	3
Management's Discussion and Analysis.....	4
Financial Statements:	
Statement of Net Position.....	9
Statement of Revenues, Expenses and Changes in Net Position.....	10
Statement of Cash Flows.....	11
Notes to Financial Statements.....	12
Supplementary Information:	
Schedule of Operating Expenses.....	23
Schedule of Revenues, Expenses and Changes in Net Position Budget and Actual.....	25
Schedule of State Financial Assistance.....	28
Other Independent Auditor's Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	29
Schedule of Prior Year Findings.....	31

**D. GREGORY JOHNSON**  
CERTIFIED PUBLIC ACCOUNTANT

204 WEST 4<sup>TH</sup> STREET, SUITE B  
COLUMBIA, TENNESSEE 38401

---

TELEPHONE 931-381-7010  
FAX 931-381-3752

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Marshall County Emergency Communications District  
Lewisburg, Tennessee

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Marshall County Emergency Communications District, a component unit of Marshall County, Tennessee as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Marshall County Emergency Communications District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As described in Note H, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. My opinion is not modified with respect to these matters.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

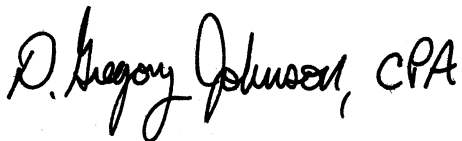
My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Marshall County Emergency Communications District's basic financial statements. The introductory section and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated March 27, 2017, on my consideration of the Marshall County Emergency Communications District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marshall County Emergency Communications District's internal control over financial reporting and compliance.



D. Gregory Johnson, CPA  
Columbia, Tennessee  
March 27, 2017

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
ROSTER OF MANAGEMENT AND BOARD OF DIRECTORS  
YEAR ENDED JUNE 30, 2016**

---

**Management Officials**

Joey King, Director  
Linda Haislip, Administrative Assistant / GIS Address Coordinator

**Board of Directors**

Chris Gilbert, Board Chairman  
Robert Hopkins, Vice Chairman  
Larry Williams, Secretary/Treasurer  
David Henley, Member  
Billy Lamb, Member  
Randall Dunn, Member  
Bill Reuter, Member  
Steve Calahan, Member  
Mark Chandler, Member

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

---

As management of the Marshall County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

**Financial Highlights**

The assets of the District exceeded its liabilities at June 30, 2016, by \$2,263,544. Of this amount, \$255,879 is invested in capital assets and \$2,007,665 is unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the District's policies. The District's total net position increased by \$14,186 for the year ended June 30, 2016.

**Overview of the Financial Statements**

The District's financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements, which includes the notes to the financial statements, and 3) a supplemental section that presents detailed summaries and schedules of selected financial data. Our auditor has provided assurance in his independent auditor's report, located immediately preceding the Management's Discussion and Analysis, that the financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the supplemental information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the financial section.

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance.

The basic financial statements provide financial information about the District's operation presented in the same format as a commercial enterprise. These statements report information about the District using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the assets and liabilities, both financial and capital, and short-term and long-term are included. Likewise, all revenues earned and expenses incurred during the year, regardless of when cash is received or paid, are reported.

The basic financial statements of the District include a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and notes to the financial statements, which are described as follows:

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

---

- The statement of net position presents the financial position of the District on a full accrual, historical cost basis. This statement provides information about the nature and amount of resources and obligations at yearend.
- The statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year.
- The statement of cash flows presents changes in the cash and cash equivalents, resulting from operations, capital and related financing activities, investing activities, and noncapital financing activities. This statement presents cash receipts and cash disbursements information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.
- The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The supplementary information presented by the District includes comparisons of budget to actual revenue and expenses and schedules required to be presented or considered useful to the readers of the financial statements.

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and the changes in them. One can think of the District's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. The District is providing condensed financial information for fiscal 2016 and 2015 for comparative analysis. A summary of the District's net position and changes thereon is presented on the following page.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2016**

---

SUMMARIZED FINANCIAL INFORMATION  
YEARS ENDED JUNE 30th

NET POSITION				
	2016	2015	Dollar Change	Percentage Change
Current assets	\$ 1,999,750	\$ 1,842,174	\$ 157,576	8.6%
Capital assets	255,879	411,284	(155,405)	-37.8%
Total assets	2,255,629	2,253,458	2,171	0.1%
Deferred outflows of resources	18,133	-	18,133	100.0%
Current liabilities	10,218	4,100	6,118	149.2%
Net position	\$ 2,263,544	\$ 2,249,358	\$ 14,186	0.6%
Summary of net position -				
Investment in capital assets	\$ 255,879	\$ 411,284	\$ (155,405)	-37.8%
Unrestricted	2,007,665	1,838,074	169,591	9.2%
	\$ 2,263,544	\$ 2,249,358	\$ 14,186	0.6%

CHANGES IN NET POSITION				
Revenues	\$ 538,613	\$ 440,783	\$ 97,830	22.2%
Operating expenses	1,229,213	580,944	648,269	111.6%
Operating income (loss)	(690,600)	(140,161)	(550,439)	392.7%
Nonoperating revenues net of expenses	87,219	132,401	(45,182)	34.1%
Income (loss) before contributions	(603,381)	(7,760)	(595,621)	7675.5%
Contributions from other governments	617,567	-	617,567	100.0%
Increase (decrease) in net position	14,186	(7,760)	21,946	282.8%
Net position, beginning of year	2,249,358	2,257,118	(7,760)	-0.3%
Net position, end of year	\$ 2,263,544	\$ 2,249,358	\$ 14,186	0.6%

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

---

**Analysis of Financial Position and Results of Operations**

As can be seen from the summarized financial information on the previous page, the District's total assets have increased \$2,171 during the year ended June 30, 2016. This includes a \$223,176 increase in cash, a \$2,508 increase in certificates of deposits, a \$75,678 decrease in receivables, and a \$7,570 increase in prepaid expenses. Net capital assets decreased \$155,405 as a result of current year accruals to depreciation of \$183,351 with additions to fixed assets of \$27,946. Net position increased \$14,186 for the year ended June 30, 2016. In the current year, the District's total operating revenue increased by 22.2%. Total expenses for the District increased 111.6% due primarily to increases in payroll and employee benefits with the addition of new employees through the county-wide consolidation of the 911 call center.

**The District's Net Position**

The District completed the year with a net position of \$2,263,544, which is \$14,186 more than the prior year's ending net position of \$2,249,358. The net position at June 30, 2016, consists of \$255,879 invested in capital assets, and \$2,007,665 unrestricted and undesignated.

**Budgetary Highlights**

The District adopts annual operating and capital budgets outlining the estimated expenditures for programs and projects authorized by the Districts' Board on a cash basis. There were revisions made to the 2015/2016 budget as need arose for adjustments.

In June 2016, the 2015/2016 budget was amended to equal the actual operating expenses at year-end.

**Capital Assets**

The District's current investment in capital assets amounts to \$255,879 (net of accumulated depreciation). Capital assets include communications equipment, tower equipment, leasehold improvements, as well as office furniture and office equipment. Current year additions amounted to \$27,946.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

---

**Capital Assets (continued)**

Below is a summary of capital assets as of June 30, 2016:

**Capital Assets at June 30, 2016 and 2015  
(Net of Accumulated Depreciation)**

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 2,070	\$ 7,582
Communications equipment	250,781	399,646
Tower equipment	1,698	2,306
Office equipment (fully depreciated)	-	-
Leasehold improvements	<u>1,330</u>	<u>1,750</u>
Total	<u><u>\$ 255,879</u></u>	<u><u>\$ 411,284</u></u>

**Economic Factors and Future Needs**

The district's primary source of revenue since inception has been telephone surcharge rates which were sent to the district through December 2014. Effective January 1, 2015 all surcharge revenues from telephone companies were paid to the TECB as stipulated in the new 911 Funding Modernization Act. These funds are distributed to each district by direct deposit based on the formula prepared by the TECB. The base amount that the district shall receive for 2016-2017 budget is \$528,432 plus any excess revenues over and above the TECB base calculation for that year. For 2016-2017 we will receive the base amount and have received the excess amount of \$34,452.

Effective July 1 2015, the MCECD consolidated the dispatch for the entire county. July 1, 2015 we began receiving consolidation funding revenues from Marshall County, City of Lewisburg, City of Chapel Hill and City of Cornersville. For the 2016-2017 budget we will receive \$636,094 for the consolidation funding. During the 2016-2017 budget we have received \$6,189 in interest income. Our total estimated income for 2016-2017 is \$1,205,167 which includes the base funding, excess revenues from the TECB, the consolidation funding monies and interest income.

**Request for Information**

This financial report is designed to provide a general overview of the Marshall County Emergency Communications District's finances for those interested parties. If you have questions about this report or need additional information, contact Linda Haislip, Administrative Assistant, Marshall County Emergency Communications District, P.O. Box 2786, Lewisburg, Tennessee 37091.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

---

**Assets**

Current assets

Cash and cash equivalents	\$ 593,711
Certificates of deposit	1,352,508
Accrued interest receivable	6,017
Prepaid expenses	<u>47,514</u>
Total current assets	1,999,750

Capital assets, net of accumulated depreciation  
of \$1,223,746

255,879

Total assets

2,255,629

**Deferred outflows of resources**

Pension contributions subsequent to the measurement date

18,133

**Liabilities**

Current liabilities

Accrued payroll	8,103
Other accrued liabilities	<u>2,115</u>
Total current liabilities	<u>10,218</u>

**Net position**

Investment in capital assets  
Unrestricted

255,879  
2,007,665

Total net position

\$ 2,263,544

The accompanying notes are an integral part of these financial statements.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2016**

---

**Operating revenue**

TECB distribution of 911 surcharges	\$ 528,432
TECB distribution of excess revenue	<u>10,181</u>
Total revenue	<u>538,613</u>

**Operating expenses**

Salaries and wages	523,575
Employee benefits	115,568
Contracted services	207,581
Supplies, materials and maintenance	156,247
Other charges	42,891
Depreciation	<u>183,351</u>
Total operating expenses	<u>1,229,213</u>

Net operating loss	<u>(690,600)</u>
--------------------	------------------

**Nonoperating revenue (expense)**

Interest income	8,412
Grants and reimbursements	<u>78,807</u>
Net nonoperating income	<u>87,219</u>

<b>Loss before contributions</b>	<b>(603,381)</b>
----------------------------------	------------------

**Capital contributions**

Contributions from other governments	<u>617,567</u>
--------------------------------------	----------------

<b>Increase in net position</b>	<b>14,186</b>
---------------------------------	---------------

<b>Net position, beginning of year</b>	<u><b>2,249,358</b></u>
--	-------------------------

<b>Net position, end of year</b>	<u><u><b>\$ 2,263,544</b></u></u>
----------------------------------	-----------------------------------

The accompanying notes are an integral part of these financial statements.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**

---

**Cash flows from operating activities**

Receipts from surcharges and other revenues	\$ 538,613
Payments to suppliers	(414,289)
Payments to employees	(651,158)
Net cash used by operating activities	<u>(526,834)</u>

**Cash flows from noncapital financing activities**

Proceeds from grants and reimbursements	157,614
Contributions from other governments	617,567
Net cash provided by noncapital financing activities	<u>775,181</u>

**Cash flows from capital and related financing activities**

Purchases of capital assets	<u>(27,946)</u>
-----------------------------	-----------------

**Cash flows from investing activities**

Interest income	5,283
Purchases of certificates of deposit	(2,508)
Net cash provided by investing activities	<u>2,775</u>

**Net increase in cash and cash equivalents** 223,176

**Cash and cash equivalents, beginning of year** 370,535

**Cash and cash equivalents, end of year** \$ 593,711

**Reconciliation of net operating loss to net cash used by operating activities**

Net operating loss	\$ (690,600)
Adjustments to reconcile net operating loss to net cash used by operating activities	
Depreciation	183,351
Increase in deferred outflows	(18,133)
(Increase) decrease in:	
Prepaid expenses	(7,570)
Increase (decrease) in:	
Accrued payroll	8,103
Other accrued liabilities	(1,985)
Net cash used by operating activities	<u><u>\$ (526,834)</u></u>

The accompanying notes are an integral part of these financial statements.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

---

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Marshall County Emergency Communications District (the District) was organized under Tennessee law for the purpose of providing an emergency number to shorten the time required for residents of Marshall County, Tennessee to request emergency services. The District is governed by a board of directors appointed by the Board of Commissioners of Marshall County.

The District is a discretely presented component unit of Marshall County, Tennessee, and the financial statements are presented in both the District's separate financial report and within the Marshall County, Tennessee financial report. The District is considered a discretely presented component unit of Marshall County as defined under the criteria set forth in Governmental Accounting Standards Board Statement 14, because the district would be unable to issue debt without approval of Marshall County, Tennessee.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends. With this measurement focus, all assets and all liabilities associated with the operations are included in the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into investment in capital assets and unrestricted components.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a District's principal ongoing operations. The principal operating revenues of the District are emergency telephone service charges to residents for providing emergency 911 services. Operating expenses include payroll expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Outflows/Inflows of Resources

The District has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement resulted in a change in the presentation of the balance sheet to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

---

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred Outflows/Inflows of Resources (continued)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District has items that qualify for reporting in this category. Accordingly, the items are reported in the statement of net position. These items are for employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

For the year ended June 30, 2016, the District did not have a deferred inflow of resources.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to / deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

---

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

For purposes of the statement of net position and the statement of cash flows, Marshall County Emergency Communications District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Capital Assets

Capital assets are defined by the District as assets with an initial cost of more than \$2,500 and an estimated useful life in excess of one year. Additions to capital assets are recorded at acquisition cost or estimated market value at the date of donation in the case of donated property. Depreciation is provided for in amounts sufficient to relate the cost of the assets to operations over their estimated service lives using the straight-line method of depreciation. Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	10 - 40 years
Furniture and fixtures	5 - 10 years
Office equipment	3 - 10 years
Communications equipment	5 - 10 years
Tower equipment	7 - 15 years
Stored equipment	5 - 10 years

Income Taxes

Marshall County Emergency Communications District is a tax-exempt organization under Section 115 of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

Budgetary Data

The District is required by state statute to adopt an annual budget. The annual budget is prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenses must be presented at the legal level of control, which is defined to be at the line-item level. The District utilizes cash basis accounting for the budget as depreciation is not budgeted, and outlays for capital items are budgeted as expenses. Therefore, the budget is not intended to be presented in accordance with generally accepted accounting principles. The budget may be amended by the Board as conditions warrant throughout the year.

Compensated Absences

It is the policy of the District that unused leave at the end of a fiscal year does not carry over to the next year. Vacation and sick leave expenditures are recognized when paid. Therefore, no accrual for accumulated unpaid leave is necessary.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

---

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Date of Management's Review

Subsequent events were evaluated through March 27, 2017, which is the date the financial statements were available to be issued.

**NOTE B – CASH AND DEPOSITORY COLLATERAL**

Custodial risk for the District's deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. According to Section 9-1-107, *Tennessee Code Annotated*, cash deposits must be insured or collateralized with securities held by the entity or by its agent in the entity's name. It is the District's policy to require financial institutions holding its deposits to be members of the Tennessee Collateral Pool or if not a member of the Tennessee Collateral Pool to pledge collateral for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. The pledged collateral is required to be held by the District or its agent in the District's name. The financial institutions used by the District are participants in the Tennessee Collateral Pool, which was established to provide security for public funds deposits in excess of FDIC coverage. At yearend, the District's deposits of cash and certificates of deposit were fully insured by the FDIC or collateralized by the Tennessee Collateral Pool.

State statutes authorize the District to invest in (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federally chartered banks and savings and loan associations; (3) the Local Government Investment Pool of the State of Tennessee; and (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

The District has not adopted formal deposit or investment policies for exposure to various forms of risks associated with its deposit and investment practices, other than to follow the State of Tennessee statutes as described above.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE C – CERTIFICATES OF DEPOSIT**

At June 30, 2016, certificates of deposit are as follows:

Apex Bank, 0.40% maturing December 19, 2016	\$ 85,741
Bank of Frankewing, 0.30% maturing June 30, 2016	250,000
First Tennessee Bank, 0.71% maturing December 16, 2016	200,000
First Tennessee Bank, 1.04% maturing December 16, 2016	200,800
First Tennessee Bank, 1.20% maturing April 27, 2017	226,617
First Tennessee Bank, 1.05% maturing June 16, 2017	201,623
First Tennessee Bank, 1.00% maturing June 16, 2017	23,447
First Tennessee Bank, 1.00% maturing June 16, 2017	164,280
	<u>\$ 1,352,508</u>

**NOTE D – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, is presented below:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Furniture and fixtures	\$ 63,859	\$ -	\$ -	\$ 63,859
Communications equipment	1,264,834	27,946	-	1,292,780
Tower equipment	110,783	-	-	110,783
Office equipment	8,003	-	-	8,003
Leasehold improvements	4,200	-	-	4,200
Total cost	<u>1,451,679</u>	<u>27,946</u>	<u>-</u>	<u>1,479,625</u>
Less accumulated depreciation for:				
Furniture and fixtures	(56,277)	(5,512)	-	(61,789)
Communications equipment	(865,188)	(176,811)	-	(1,041,999)
Tower equipment	(108,477)	(608)	-	(109,085)
Office equipment	(8,003)	-	-	(8,003)
Leasehold improvements	(2,450)	(420)	-	(2,870)
Total accumulated depreciation	<u>(1,040,395)</u>	<u>(183,351)</u>	<u>-</u>	<u>(1,223,746)</u>
Capital assets, net	<u>\$ 411,284</u>	<u>\$ (155,405)</u>	<u>\$ -</u>	<u>\$ 255,879</u>

Depreciation charged to expense for the current year amounted to \$183,351.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

---

**NOTE E – PREPAID LEASE**

The District entered into an agreement with the City of Lewisburg, Tennessee on October 10, 1996 for leased space. The agreement was for 20 years and the consideration was \$2,000 per year, which could be paid in advance. The District paid the full \$40,000 in advance. The yearly cost was expensed to leased facilities. In the current year, the District recognized the remaining balance of \$500.

**NOTE F – MAJOR REVENUE SOURCES**

Revenue for operation and maintenance of the Marshall County Emergency Communications District is generated by a surcharge placed on residential and business phone lines. Prior to January 1, 2015, the surcharge was collected by AT&T Telephone Company and remitted to the District monthly less a 3% administrative fee. Effective January 1, 2015, all surcharge revenues from telephone companies that have been paid to the districts in the past are now paid directly to the Tennessee Emergency Communications Board (TECB) as stipulated in the new 911 Funding Modernization Act. The TECB established a base funding amount for each emergency communications district. The base amount for the District was \$528,432 for the year ended June 30, 2016. The TECB may distribute excess revenues at their discretion. These revenues are recognized by the District in the period the funding is distributed by the TECB. In the year ended June 30, 2016, the District received \$10,181 in excess revenues.

On July 1, 2015, the District consolidated the dispatch center for the entire County. The dispatch employees from Marshall County and the various cities are now employees of the District. The District receives funding from Marshall County and the cities of Lewisburg, Chapel Hill, and Cornersville to cover the payroll costs. Funding for the costs will be determined by one-half of the cost being distributed based on population of each government and by one-half being distributed based on calls for service to each government's citizens. Current year contributions from these governments were as follows:

Marshall County	\$ 301,846
City of Lewisburg	274,666
City of Chapel Hill	24,281
City of Cornersville	16,774
	<u>\$ 617,567</u>

**NOTE G – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended June 30, 2016, the District was insured against potential losses associated with these risks through the purchase of commercial insurance for management and property liability. District employees and board members who receive, have access, or have authority over the distribution of funds are covered by surety bonds. There have been no losses in excess of insurance coverage during the last three years.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

---

**NOTE H – ACCOUNTING CHANGES**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015. Since the measurement date of June 30, 2015 was before the District's consolidation, no pension liability has been accrued, however, contributions subsequent to that date have been recorded as deferred outflows of resources.

**NOTE I – PENSION PLAN**

As previously stated, Marshall County Emergency Communications District consolidated the dispatch center on July 1, 2015. The measurement date for the TCRS defined benefit plan was prior to that date on June 30, 2015. Several employees acquired by the District in the consolidation were previous participants in the TCRS plan through the County or respective city where they were employed. In the current year ended June 30, 2016, the District made contributions subsequent to the measurement date in the amount of \$18,133. The District has now acquired its own TCRS Plan account as a participating employer subsequent to June 30, 2016. The following is a summary of the Plan.

Plan Description

Employees of Marshall County Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

---

**NOTE I – PENSION PLAN (CONTINUED)**

Benefits Provided (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but no yet receiving benefits	-
Active employees	11
	<hr/>
	11
	<hr/>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Marshall County Emergency Communications District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions are required to be paid. TCRS may intercept Marshall County Emergency Communications District's state shared taxes if required employer contributions are not remitted. For the year ended June 30, 2016, employer contributions for Marshall County Emergency Communications District were \$18,133 based on a rate of 6.59 percent of covered payroll. The employer's rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

***Pension liabilities (assets)***

The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. Marshall County Emergency Communications District's plan account was formed after that date on July 1, 2015. Therefore, no pension liability was accrued as of June 30, 2016.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

---

**NOTE I – PENSION PLAN (CONTINUED)**

***Pension Expense***

For the year ended June 30, 2016, Marshall County Emergency Communications District recognized pension expense of \$ -0-.

***Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2016, Marshall County Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date of June 30, 2015	<u>\$ 18,133</u>	<u>\$ -</u>

***Actuarial Assumptions***

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

---

**NOTE I – PENSION PLAN (CONTINUED)**

***Actuarial Assumptions (continued)***

Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Marshall County Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Payable to the Pension Plan**

At June 30, 2016, Marshall County Emergency Communications District reported a payable of \$411 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

**SUPPLEMENTARY INFORMATION**

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**SCHEDULE OF OPERATING EXPENSES**  
**YEAR ENDED JUNE 30, 2016**

---

**Salaries and Wages**

Director	\$ 47,729
Administrative assistant / GIS address coordinator	58,770
Dispatchers	198,165
Dispatch supervisor personnel	97,305
Overtime pay	66,415
Part-time personnel	49,391
Pay bonuses	4,550
Longevity	1,250
	<hr/> 523,575 <hr/>

**Employee Benefits**

Social security	32,452
Medicare	6,551
Life insurance	594
Medical insurance	74,092
Other insurance	1,099
Unemployment tax	780
	<hr/> 115,568 <hr/>

**Contracted Services**

Address and mapping	1,000
Audit services	4,000
Accounting services	100
Legal services	12,000
Maintenance agreements	86,881
Leased communications equipment	78,915
Leased facilities	500
Leased office equipment	1,685
Other contracted services	22,500
	<hr/> 207,581 <hr/>

See auditor's report.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF OPERATING EXPENSES (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

---

**Supplies, Materials and Maintenance**

Office supplies	3,572
Postage	409
Small equipment purchases	11,941
Uniforms and shirts	2,272
Utilities	
Electric and gas	1,126
General telephone - administration lines	2,727
Cell phones	956
General telephone - call center lines	81,387
Cable / internet charges	1,933
Maintenance and repairs - communications equipment	40,984
Maintenance and repairs - building	8,195
Maintenance and repairs - office equipment	745
	<hr/>
	156,247

**Other Charges**

Bank charges	114
Board meeting expenses	308
Dues and memberships	1,027
Employee testing and exams	1,665
Insurance	
Workers compensation	1,319
Liability	4,383
Equipment	7,125
Vehicles	413
Licenses and fees	1,120
Premiums on surety bonds	556
Training	17,312
Travel	7,300
Advertising	249
	<hr/>
	42,891

**Depreciation**

---

183,351

---

**\$ 1,229,213**

---

See auditor's report.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Cash Basis)</u>	<u>Variance Under (Over)</u>
<b>Operating revenue</b>				
TECB distribution of 911 surcharges	\$ 528,427	\$ 528,432	\$ 528,432	\$ -
TECB distribution of excess revenue	-	10,181	10,181	-
	<u>528,427</u>	<u>538,613</u>	<u>538,613</u>	<u>-</u>
<b>Operating expenses</b>				
Salaries and wages				
Director	42,500	46,924	46,923	1
Administrative asst. / GIS address coordinator	56,656	57,789	57,789	-
Dispatchers	390,104	194,750	194,749	1
Dispatch supervisor personnel	-	95,790	95,790	-
Overtime pay	-	65,096	65,095	1
Part-time personnel	-	49,350	49,327	23
Pay bonuses	-	4,550	4,550	-
Longevity	-	1,250	1,250	-
Other salaries and wages	-	30,000	30,000	-
	<u>489,260</u>	<u>545,499</u>	<u>545,473</u>	<u>26</u>
Employee benefits				
Social security	30,335	33,010	33,010	-
Medicare	7,095	7,721	7,720	1
Life insurance	1,000	587	586	1
Medical insurance	79,000	73,023	73,022	1
Other insurance	1,000	1,950	1,080	870
Unemployment tax	459	1,300	780	520
Pension expense	37,948	18,000	17,722	278
	<u>156,837</u>	<u>135,591</u>	<u>133,920</u>	<u>1,671</u>
Contracted services				
Address and mapping	3,000	1,000	1,000	-
Audit services	4,000	4,000	4,000	-
Accounting services	500	100	100	-
Legal services	9,925	12,000	12,000	-
Maintenance agreements	96,021	96,021	67,356	28,665
Leased communications equipment	77,106	77,106	77,106	-
Leased office equipment	-	1,685	1,685	-
Other contracted services	22,500	22,500	22,500	-
	<u>213,052</u>	<u>214,412</u>	<u>185,747</u>	<u>28,665</u>

See auditor's report.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Cash Basis)</b>	<b>Variance Under (Over)</b>
Supplies, materials and maintenance				
Office supplies	2,500	3,573	3,572	1
Postage	400	410	409	1
Small equipment purchases	10,000	12,820	11,941	879
Uniforms and shirts	2,500	2,273	2,272	1
Utilities				
Electric and gas	2,150	1,132	1,126	6
General telephone - administration lines	-	2,727	2,727	-
Cell phones	720	1,000	956	44
General telephone - call center lines	86,000	81,400	81,387	13
Cable / internet charges	-	1,950	1,933	17
Maintenance & repairs-communications equip.	18,000	41,160	40,984	176
Maintenance & repairs-building	1,000	8,195	8,195	-
Maintenance & repairs-office equipment	-	745	745	-
	<u>123,270</u>	<u>157,385</u>	<u>156,247</u>	<u>1,138</u>
Other charges				
Bank charges	100	114	114	-
Board meeting expenses	450	310	308	2
Dues and memberships	1,000	1,027	1,027	-
Employee testing and exams	1,330	1,750	1,665	85
Insurance				
Workers compensation	2,081	1,319	1,319	-
Liability	9,882	5,127	5,127	-
Equipment	-	5,715	5,715	-
Vehicles	-	483	483	-
Licenses and fees	2,240	1,120	1,120	-
Premiums on surety bonds	500	541	556	(15)
Training	16,500	17,850	17,312	538
Travel	20,000	10,000	7,300	2,700
Advertising	300	300	249	51
	<u>54,383</u>	<u>45,656</u>	<u>42,295</u>	<u>3,361</u>
Total operating expenses	<u>1,036,802</u>	<u>1,098,543</u>	<u>1,063,682</u>	<u>34,861</u>
Operating revenues over (under) expenses	<u>(508,375)</u>	<u>(559,930)</u>	<u>(525,069)</u>	<u>34,861</u>

See auditor's report.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Cash Basis)</u>	<u>Variance Under (Over)</u>
<b>Nonoperating revenue (expenses)</b>				
Interest income	2,300	5,284	5,284	-
Grants and reimbursements	78,807	78,807	157,614	78,807
Capital expenditures	(90,665)	(90,665)	(27,946)	62,719
Contributions from other governments	617,567	617,567	617,567	-
Total nonoperating revenue (expenses)	<u>608,009</u>	<u>610,993</u>	<u>752,519</u>	<u>141,526</u>
<b>Increase in budgetary net position</b>	<u>\$ 99,634</u>	<u>\$ 51,063</u>	<u>\$ 227,450</u>	<u>\$ 176,387</u>

**Budget to Actual Reconciliation**

Increase in budgetary net position	\$ 227,450
Capital expenditures	27,946
Accrual adjustment for pension contributions subsequent to measurement date	18,133
Depreciation not budgeted	(183,351)
Accrual adjustment for interest receivable	3,129
Accrual adjustment for grants due from TECB	(78,807)
Accrual adjustment for prepaid expenses	7,570
Accrual adjustment for accrued payroll	(8,103)
Accrual adjustment for other accrued liabilities	219
Actual increase in net position	<u>\$ 14,186</u>

See auditor's report.

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2016**

---

<u>Program</u>	<u>Grantor Agency</u>	<u>(Receivable) Deferred Balance June 30, 2015</u>	<u>Grant Receipts</u>	<u>Expenditures</u>	<u>(Receivable) Deferred Balance June 30, 2016</u>
Next Generation 911	Tennessee Emergency Communications Board	<u>\$ (78,807)</u>	<u>\$ 157,614</u>	<u>\$ 78,807</u>	<u>\$ -</u>

**Basis of Presentation**

The schedule of state financial assistance presents the grant activity of the Marshall County Emergency Communications District in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements.

See auditor's report.

**D. GREGORY JOHNSON**  
CERTIFIED PUBLIC ACCOUNTANT

204 WEST 4<sup>TH</sup> STREET, SUITE B  
COLUMBIA, TENNESSEE 38401

---

TELEPHONE 931-381-7010  
FAX 931-381-3752

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL**  
**OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**  
**BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED**  
**IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Marshall County Emergency Communications District  
Lewisburg, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Marshall County Emergency Communications District, a component unit of Marshall County, Tennessee, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 27, 2017.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Marshall County Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Marshall County Emergency Communications District's internal control

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

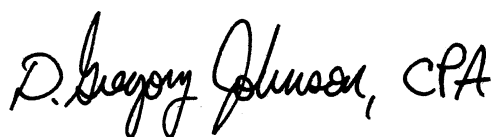
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Marshall County Emergency Communications District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "D. Gregory Johnson, CPA". The signature is written in a cursive, flowing style.

D. Gregory Johnson, CPA  
Columbia, Tennessee  
March 27, 2017

**MARSHALL COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**SCHEDULE OF PRIOR YEAR FINDINGS**

---

The prior year findings were satisfactorily corrected in the current year.